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Litian Pictures Holdings Limited

力天影業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9958)

CLARIFICATION ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE; AND RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE

This clarification announcement is made by Litian Pictures Holdings Limited (the “**Company**”), pursuant to Rule 3.7 of The Code on Takeovers and Merger (the “**Takeovers Code**”), Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 15 September 2023 (the “**Announcement**”).

POSSIBLE TRANSACTION

As disclosed in the Announcement, the Company was informed by Mr. Yuan Li (the “**Mr. Yuan**”), an executive director and a controlling shareholder of the Company, that Mr. Yuan has entered into a non-binding letter of intention with an independent third party (the “**Potential Purchaser**”) in connection with the possible disposal of shares (the “**Possible Transaction**”) by Litian Century Media Co. Ltd. (which holds 68,282,350 shares of the Company, representing 22.76% of the voting rights at the general meeting of the Company, and 100% owned by Mr. Yuan) and/or Marshal Investment Co. Ltd. (which holds 64,380,501 shares of the Company, representing 21.46% of the voting rights at the general meeting of the Company, and 100% owned by Ms. Tian Tian, the spouse of Mr. Yuan and an executive director of the Company), the controlling shareholders of the Company, who in aggregate hold 132,662,851 shares of the Company, representing 44.22% of the voting rights at the general meeting of the Company as of the date of this announcement.

As further confirmed with Mr. Yuan, as of the date of this announcement, it is uncertain whether the Possible Transaction, if materialised, will or will not lead to a change in control of the Company and a mandatory general offer under Rule 26.1 of the Takeovers Code. As of the date of this announcement, the details of the Possible Transaction, including the number of shares involved and price, were still under negotiation and no definitive agreement has been entered into.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND REMEDIAL MEASURES

The Announcement was not submitted to the Executive (as defined under the Takeovers Code) (the “**Executive**”) for review before publication as the Company was given the understanding that the Possible Transaction would not lead to a change in control of the Company and a mandatory general offer under Rule 26.1 of the Takeovers Code according to the information provided by Mr. Yuan based on his preliminary discussion between the Potential Purchaser. After publication of the Announcement, and upon further clarification with Mr. Yuan and communication with the Potential Purchaser, the Company understood that, if materialised, the Possible Transaction may or may not lead to a change in control of the Company and a mandatory general offer under Rule 26.1 of the Takeovers Code. After seeking professional advice, the Company understands both the Announcement and this announcement should be submitted to the Executive for review before publication pursuant to the Takeovers Code, and will seek professional advice as and when required in order to comply with the other relevant requirements under the Takeovers Code.

MONTHLY UPDATE

In accordance with Rule 3.7 of the Takeovers Code, monthly update announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the Announcement constitutes an announcement under Rule 3.7 of the Takeovers Code, and therefore the offer period commenced on the date of the Announcement, being 15 September 2023.

In accordance with Rule 3.8 of the Takeovers Code, as of the date of this announcement, the Company has a total of 300,000,000 ordinary shares in issue. Save as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as of the date of this announcement.

The associates (within the meaning ascribed thereto under the Takeovers Code, including but not limited to any person holding 5% or more of a class of relevant securities) of the Company are hereby reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

There is no assurance that the Possible Transaction will materialize or eventually be consummated. If materialised, the Possible Transaction may or may not lead to a general offer under Rule 26.1 of the Takeovers Code. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

By order of the Board
Litian Pictures Holdings Limited
Yuan Li
Chairman

Hong Kong, 21 September 2023

As at the date of this announcement, the Board comprises Mr. Yuan Li, Ms. Tian Tian and Ms. Fu Jieyun as executive directors; Mr. Yu Yang and Mr. Tang Zhiwei as non-executive directors; and Mr. Teng Bing Sheng, Mr. Liu Hanlin and Mr. Gan Weimin as independent non-executive directors.

All directors of the Company issuing the Announcement and this announcement jointly and severally accept full responsibility for the accuracy of information contained in the Announcement and this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Announcement and this announcement have been arrived at after due and careful consideration and there are no other facts not contained in the Announcement and this announcement, the omission of which would make any statement in the Announcement and/or this announcement misleading.